

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**EAST CENTRAL
INTERGOVERNMENTAL ASSOCIATION
DUBUQUE, IOWA**

JUNE 30, 2007

T A B L E O F C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	7
STATEMENT OF ACTIVITIES	8
BALANCE SHEET - GOVERNMENTAL FUNDS	9
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NETS ASSETS	10
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	13
NOTES TO FINANCIAL STATEMENTS	14
SUPPLEMENTAL INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	27
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY PROGRAM - GENERAL FUND	29
SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES AND COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND	31
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WORKFORCE INVESTMENT ACT (WIA)	32
COMBINING BALANCE SHEET - BY CONTRACT - WORKFORCE INVESTMENT ACT (WIA)	33
COMBINING STATEMENT OF REVENUES AND EXPENDITURES - WORKFORCE INVESTMENT ACT (WIA)	34
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	35
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	37
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	39
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	41

TOSTRUD & TEMP, S.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Council Members
East Central Intergovernmental
Association
Dubuque, Iowa 52005

We have audited the accompanying basic financial statements of the East Central Intergovernmental Association as of June 30, 2007, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Central Intergovernmental Association as of June 30, 2007, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 5 through 5H and pages 26 through 27 and page 31 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the East Central Intergovernmental Association's basic financial statements. The combining and other supplemental financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, which is required by the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of East Central Intergovernmental Association. The combining and other supplemental financial statements and the schedule of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated November 7, 2007 on our consideration of East Central Intergovernmental Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Foster & Temp, J. C.

November 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The East Central Intergovernmental Association (ECIA) is a membership supported organization of local governmental bodies in Cedar, Clinton, Delaware, Dubuque, and Jackson Counties in eastern Iowa. The purpose of ECIA is to provide management and technical assistance to local government staff and elected officials.

ECIA exists because of a need for local governments facing similar problems to cooperate in finding solutions. This cooperative effort, through ECIA membership, provides greater resources to local governments than they would be able to afford individually. The sharing of resources and discussion of common concerns vastly improves the quality and consistency of solutions to local and regional problems. Costs are held at a level that allows all local governments in the region to participate. ECIA strives to provide "A Regional Response to Local Needs."

As management of ECIA, we offer the readers of ECIA's financial statements this narrative overview and analysis of the financial activities of ECIA for the year ended June 30, 2007. The financial statements of ECIA consist of the operations of ECIA (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by ECIA). The financial statements do not include ECIA Business Growth, Inc. the Eastern Iowa Regional Housing Authority or the Delaware, Dubuque and Jackson County Regional Transit Authority, which have been formed as separate and distinct entities.

We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis. This report complies with the Governmental Accounting Standards Board (GASB) Statement 34 reporting model.

Fiscal year 2007 was a year of review, reflection and analysis for ECIA. One of our most important tasks was the review of our organizational structure, bylaws and articles of agreement. The ECIA Council appointed a subcommittee from its members to take a close look at all the subsidiary organizations of ECIA including the bylaws, articles and board structure of those organizations and their relationships to ECIA as well as the organizational structure of ECIA itself. The ECIA subcommittee was comprised of five committed ECIA Council members plus ECIA staff who spent many hours reviewing the organizational documents of these organizations. It became apparent that while a thirty member ECIA Council is large, it is the best combination and cross representation of our membership. Additionally, it became apparent that the role of the ECIA Executive Committee should change and as it now stands, is a review and recommendation committee to the full Council rather than a decision making body. It also became apparent that diversifying the ECIA Business Growth full membership board was a priority to the future success of ECIA Business Growth as well as a way to address any conflict of interest perceptions. Twelve new members were added to the ECIA Business Growth full board.

Prosperity Eastern Iowa continued to promote partnerships and collaboration in the region to achieve economic success. Prosperity launched its Buyer Supplier Connection campaign focusing on company linkages within the region with the goal of shifting at least 5% of out of region spending back into the region, creating new wealth for our local companies. By shifting just 5% of our out of area spending back into the region, we can generate over \$326 million dollars of new spending annually in our six county region.

The Eastern Iowa Rural Utility Service System (EIRUSS) moved forward with several contracts for construction for rural waste and water systems in the five county region. Construction began on a wastewater project in Jones County. This will be the first system under management by EIRUSS when complete.

ECIA completed its first full year of management of the operations of the Delaware, Dubuque and Jackson County Regional Transit Authority (RTA). A priority for the RTA this year was to secure funding for a maintenance and storage facility for Dubuque County. Currently our fleet is parked on leased hard surface parking. A maintenance and storage facility would increase the useful life of our bus fleet and reduce our maintenance costs overall. Very late in the fiscal year, the RTA was awarded a \$702,000 grant through the Revitalize Iowa Infrastructure Fund (RIIF) through the State of Iowa. Due to the grant award and the timing of ECIA's office lease renewal, ECIA began an analysis of partnering with the RTA in developing a joint ECIA office building and RTA storage and maintenance facility. This is an exciting adventure for both organizations and will continue through Fiscal 2008.

ECIA continues to remain focused on providing excellent service to our members in the region and we look forward to Fiscal 2008 being another successful year.

FINANCIAL HIGHLIGHTS

- The assets of ECIA exceeded its liabilities at June 30, 2007 by \$352,987 (net assets). Of this amount, \$321,202 (unrestricted net assets) may be used to meet ECIA's ongoing obligations to member communities and creditors.
- ECIA's net assets increased by 8.3%, or \$27,189, from June 30, 2006 to June 30, 2007.
- As of the close of the fiscal year, ECIA's fund balance was \$321,202, an increase of \$34,324 in comparison with the prior year.
- Total revenues increased 18.7%, or approximately \$689,000, from fiscal 2006 to fiscal 2007. This was primarily due to increased agency service billings resulting from a full year of management of the RTA in fiscal 2007 vs. a half year in fiscal 2006 and increased activity in EIRUSS as well as the additional grant funds received for Prosperity's Buyer Supplier Connection Campaign and the WIA programs. Total expenditures increased 17.8%, or approximately \$658,000 from fiscal 2006 to fiscal 2007. This is also primarily due to costs related to a full year of operation of the RTA as well as the increased marketing efforts of Prosperity Eastern Iowa.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to ECIA's basic financial statements. The financial statements included in this report are designed to provide readers with a broad overview of ECIA's finances, in a manner similar to a private sector business. ECIA utilizes the accrual basis of accounting, which recognizes revenues and expenses when earned, regardless of when cash is received or paid. The following statements are included in this report:

- Statement of Net Assets – This statement presents information on all of ECIA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ECIA is improving or deteriorating.
- Statement of Activities – This statement is prepared on the accrual basis of accounting and presents functional expenses offset by revenue sources that are directly related.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

- Balance Sheet Governmental Funds – This statement is prepared on the current financial resources measurement focus that generally only includes current assets and current liabilities.
- Statement of Revenues, Expenditures and Changes in Fund Balance – This statement is prepared on the modified accrual basis of accounting and reports ECIA's operating revenue by major source, along with operating expenses.
- A reconciliation between the full accrual basis accounting statement (Statement of Activities) and the modified accrual basis statement (Statement of Revenues, Expenses and Changes in Fund Balance).
- Notes to financial statements – This section provides additional information that is essential to a full understanding of the data provided in the financial statements.
- Supplemental Information – In addition to the basic financial statements and accompanying notes, this section of the report presents certain required supplementary information, providing detailed information by program and by project, as well as a schedule of Federal Financial Assistance.

ANALYSIS OF NET ASSETS

As previously noted, net assets may serve over time as a useful indicator of ECIA's financial position. ECIA's net assets increased by \$27,189 from a year ago. The analysis that follows illustrates the changes in the components that make up net assets.

STATEMENT OF NET ASSETS

	2007	2006	NET CHANGE	PERCENT CHANGE
Cash and investments	242,331	76,597	165,734	216.4
Other Current Assets	475,299	409,870	65,429	16.0
Capital Assets (net)	58,537	60,373	(1,836)	(3.0)
Total Assets	776,167	546,840	229,327	41.9
Current Liabilities	411,145	211,036	200,109	94.8
Long-Term Liabilities	12,035	10,006	2,029	20.3
Total Liabilities	423,180	221,042	202,138	91.4
Net Investment in Capital Assets net of related debt	31,785	38,920	(7,135)	(18.3)
Unreserved	321,202	286,878	34,324	12.0
Total Net Assets	352,987	325,798	27,189	8.3

Total assets increased by approximately 42.0%, from \$546,840 in FY 2006 to \$776,167 in FY 2007. This increase was attributable to increases in Cash and in Accounts Receivable, coupled with decreases in Prepaid Expenses and Capital Assets.

Cash increased by \$165,734, primarily due to the timing of the payment of outstanding invoices at yearend. Accounts Receivable increased from \$315,270 in FY 2006 to \$412,831 in FY 2007 primarily due to charges related to increased agency service billings. Prepaid Expenses decreased by \$32,132 primarily due to accounting conversion costs and charges to update the agency's internet access through a dedicated T1 line being fully expensed during FY 2007.

Capital assets decreased \$1,836 in FY 2007. ECIA purchased a 2008 Dodge Avenger, sold a 2002 Dodge Stratus and retired outdated/obsolete computer equipment.

Current liabilities increased from \$211,036 in FY2006 to \$411,145 in FY2007. This increase of \$200,109 is primarily the result of increased staff vacation accruals of \$14,400 and the timing of the payment of outstanding ECIA and WIA invoices as noted in the Cash discussion above.

The long-term liability line item reflects the loans for the purchase of a 2004 Chevrolet Impala during FY05, a 2005 Chevrolet Impala during FY06 and a 2008 Dodge Avenger in FY07. Of the total outstanding balance of the loans, \$14,717 is classified as current and \$12,035 as long-term.

ANALYSIS OF REVENUES AND EXPENDITURES

In FY 2007 and FY 2006, total revenues were \$4,367,099 and \$3,678,242 respectively, an increase of \$688,857 or 18.7%. Total Expenditures for the same period increased \$658,283 or 17.8%. A comparison of income and expenditures is outlined in the following table.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	2007	2006	NET CHANGE	PERCENT CHANGE
REVENUES				
Federal	536,528	468,135	68,393	14.6
State of Iowa	101,509	94,622	6,887	7.3
State of Illinois	1,289	1,289	0	0.0
State of Wisconsin	787	787	0	0.0
Membership Fees	82,394	77,810	4,584	5.9
Fees and assessments	305,951	303,768	2,183	0.7
EIRHA	1,159,892	996,801	163,091	16.4
CDBG Admin	318,024	315,932	2,092	0.7
ECIA Business Growth	182,588	167,084	15,504	9.3
Workforce Investment Act	1,223,481	1,037,906	185,575	17.9
EIRUSS	54,998	12,280	42,718	347.9
RTA	397,844	198,071	199,773	100.9
Interest	1,775	1,675	100	6.0
Miscellaneous	39	2,082	(2,043)	(98.1)
Total Revenues	4,367,099	3,678,242	688,857	18.7

ANALYSIS OF REVENUES AND EXPENDITURES - CONTINUED

	2007	2006	NET CHANGE	PERCENT CHANGE
EXPENDITURES				
Salaries, wages and benefits	2,897,632	2,459,771	437,861	17.8
Office supplies & operating materials	41,642	40,612	1,030	2.5
Conference and training	28,170	15,343	12,827	83.6
Business travel	93,732	93,761	(29)	(0.0)
Printing	7,716	6,276	1,440	22.9
Equip rental and maint	10,444	9,233	1,211	13.1
Insurance and bonding	66,557	58,004	8,553	14.7
Dues and subscriptions	15,933	15,358	575	3.7
Telephone	25,050	21,729	3,321	15.3
Postage	36,396	38,739	(2,343)	(6.0)
Rent & utilities	154,631	130,149	24,482	18.8
Advertising	3,091	1,437	1,654	115.1
Professional fees	63,771	41,995	21,776	51.9
Marketing	63,434	47,367	16,067	33.9
Equipment purchases	30,194	53,331	(23,137)	(43.4)
Long-term debt principal	11,455	10,487	968	9.2
Miscellaneous	1,690	5,976	(4,286)	(71.7)
WIA program costs	801,203	644,890	156,313	24.2
 Total Expenditures	 4,352,741	 3,694,458	 658,283	 17.8
 Excess of Revenues over Expenditures	 14,358	 (16,216)	 30,574	 (188.5)
 Proceeds From Long-term Borrowing	 16,754	 17,449	 (695)	
Proceeds From Sale of Equipment	3,212	400	2,812	703.0
 Excess of Revenues and Other Financing Sources over Expend	 34,324	 1,633	 32,691	 2001.9
 Beginning Fund Balance	 286,878	 285,245	 1,633	
 Ending Fund Balance	 321,202	 286,878	 34,324	 12.0

Several projects taken on during the previous fiscal year contributed to the overall increase in revenue in FY07. The RTA generated \$200,000 more in revenue in FY07 due to a full year of operation vs. a half year in FY06. Revenue from the Workforce Investment Act programs increased approximately \$186,000 due to the addition of funding for Two Parent Family assistance through Promise Jobs and the funding of the Regency Thermographers National Emergency Grant. Approximately \$163,000 in increased revenue was received from EIRHA as that entity hired additional maintenance staff and also covered the cost of staff salaries charged to the tax credit projects in the previous fiscal year. The activity in EIRUSS also increased in FY07, resulting in an increase of \$43,000 over the prior year. Federal assistance for transportation increased approximately \$42,000. The Prosperity Eastern Iowa marketing effort added approximately \$21,000 to revenue in FY07 through its Buyer Supplier Connection Grant. ECIA Business Growth revenue increased \$15,500 or 9% due to increased loan activity in that department. The increase in membership fees, ECIA's first increase in over 20 years, generated an additional \$4,600 in revenue.

General Fund Revenue by Funding Source for Fiscal 2007 is summarized as follows:

US Department of Housing & Urban Development	32%
US Department of Labor	12%
US Department of Transportation	11%
Special Contracts	10%
CDBG EDSA/PFSA Administration	9%
Service Fees & Assessments	7%
US Department of Health & Human Services	6%
Business Growth	5%
State (COG Assistance/Marketing Grant)	3%
Membership Fees	2%
IA Department of Natural Resources	1%
US Department of Commerce	1%
County Funds	1%
Total	100%

The largest change in expenditures was related to salaries and benefits. This was primarily due to an increase in staff. Four full-time and two part-time staff were hired to operate the RTA during FY06. A full year of expense for these staff was incurred in FY07. An additional dispatcher was hired in FY07 when the RTA assumed three contracts from the City of Dubuque. In addition, a housing maintenance assistant was hired to aid in the maintenance of EIRHA's Public Housing units and tax credit projects during FY06 and a lawn care assistant was added in FY07. A part-time staff person was also added to administer the Promise Jobs Two Parent Family Program.

Conference and training costs increased approximately \$13,000 primarily due to the increase in staff and the increased activities of Prosperity Eastern Iowa. Insurance expense increased \$8,600 due to increased cost of housing inspectors and workers comp insurance. Telephone expense increased \$3,300 due to added cellular phones for new staff. Rent and utilities expense increased approximately \$24,500 due to a full year of the cost of leasing of additional office space to house Transit and Transportation/Planning Department staff. Advertising increased \$1,700 due to the new publication requirements for 28E organizations. Professional fees increased \$22,000 due to increased computer support required, legal fees associated with the analysis and evaluation of articles and bylaws and the redesign of the ECIA websites.

The Marketing line item reflects increased expenditures of \$16,000 related to the regional economic development marketing effort supported by the Buyer Supplier Connection grant. Equipment purchases decreased by \$23,000. A new Minolta copier was purchased in FY06 as well as computer and office equipment for new staff. Miscellaneous expense decreased by \$4,300 due to the elimination of the annual banquet.

OVERVIEW OF BUDGETS

ECIA annually adopts a budget on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general fund and appropriations lapse at fiscal year end. Salaries and operating expenses are allocated in accordance with a pre-approved "Cost Allocation Plan."

The ECIA Council approved one budget amendment in May 2007. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$3,264,376 was increased to \$3,502,020, an increase of \$237,644. This increase was primarily the result of the assumption of three City of Dubuque contracts by RTA, the awarding of the Buyer Supplier Connection Grant, the awarding of the Regency National Emergency Grant and Promise Jobs Two Parent Funding and increased ECIA Business Growth loan activity.

OVERVIEW OF BUDGETS - CONTINUED

- The original expenditure budget of \$3,248,116 was increased to \$3,469,700, an increase of \$221,584.

Salaries/benefits expense was increased approximately \$118,000 due to a full year of expense for the additional RTA and EIRHA staff added in FY06 as well as the part-time staff added in those departments in FY07. The budget for Office Supplies was increased by \$6,000 and the budget for Conference/Training expense was increased \$9,500 to help support the additional staff and contracts assumed during the year. The budget for insurance was increased by \$14,000 to accommodate the increased insurance costs for housing inspectors and workers comp coverage.

The budget for Rent/Utilities/Property tax expense was increased by \$15,600 due to increased utility and property tax costs. Budgeted Professional fees expense was increased by \$12,200 due to increased onsite computer support expense, legal fees associated with the review of the by-laws and articles for all ECIA entities and the redesign for the ECIA website.

RESULTS OF OPERATIONS

ECIA's management was pleased with the operating results for the fiscal year ending June 30, 2007. The amended budget anticipated excess revenue over expenditures of \$32,320. Actual results of operations reflected a profit of \$34,324.

Operating revenues were \$83,842 or 2.3% higher than budgeted. Operating expenditures were \$81,838 more than budgeted. The following table illustrates these points:

COMPARISON OF BUDGET VS. ACTUAL

	BUDGET	ACTUAL	VARIANCE	PERCENT
REVENUES				
Federal	524,324	536,528	12,204	2.3
State of Illinois	1,289	1,289	0	0.0
State of Iowa	15,875	101,509	85,634	84.4
State of Wisconsin	787	787	0	0.0
Membership Fees	82,143	82,394	251	0.3
Fees and assessments	403,171	360,949	(42,222)	(11.7)
CDBG/EDSA Admin	381,900	318,024	(63,876)	(20.1)
EIRHA	1,106,150	1,159,892	53,742	4.6
ECIA Business Growth	158,400	182,588	24,188	13.2
Workforce Investment Act	414,521	422,278	7,757	1.8
Regional Transit Authority	395,000	397,844	2,844	0.7
Interest	1,960	1,775	(185)	(10.4)
Sale of Fixed Assets	0	3,212	3,212	100.0
Miscellaneous	0	39	39	100.0
Proceeds from LT Borrowing	16,500	16,754	254	1.5
Total Revenues	3,502,020	3,585,862	83,842	2.3

RESULTS OF OPERATIONS – CONTINUED

EXPENDITURES

Salaries, wages and benefits	2,860,913	2,897,632	36,719	1.3
Office supplies & operating materials	40,000	41,642	1,642	3.9
Conference and training	22,500	28,170	5,670	20.1
Business travel	81,000	93,732	12,732	13.6
Printing	6,500	7,716	1,216	15.8
Equip rental and maint	11,160	10,444	(716)	(6.9)
Insurance and bonding	64,000	66,557	2,557	3.8
Dues and subscriptions	15,600	15,933	333	2.1
Telephone	25,000	25,050	50	0.2
Postage	34,000	36,396	2,396	6.6
Rent & utilities	158,600	154,631	(3,969)	(2.6)
Advertising	2,800	3,091	291	9.4
Professional fees	62,200	63,771	1,571	2.5
Marketing	43,782	63,434	19,652	31.0
Equipment purchases	28,745	30,194	1,449	4.8
Long-term debt principal	11,400	11,455	55	0.5
Miscellaneous	1,500	1,690	190	11.2
Total Expenditures	3,469,700	3,551,538	81,838	2.3
Excess of Revenues over Expenditures	32,320	34,324	2,004	6.2

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2007, ECIA had \$58,537 invested in capital assets (net of depreciation), including office furniture and equipment, agency vehicles and leasehold improvements. Total outstanding debt was \$26,752, which represents the outstanding balance of the three loans used to purchase agency vehicles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

ECIA's management and Council considered many factors when setting the fiscal year 2008 budget and the fees that will be charged for services, endeavoring to keep costs low for our members, while covering staff and overhead costs. Membership fees will increase from \$.42 to \$.44 per capita in Fiscal 2008. The hourly billing rates for all staff will increase 3% or \$2.00 per hour in order to keep pace with cost of living increases. Increases in employee health insurance costs will continue to be a concern in the year ahead. Decreases in State and Federal funding levels will also be a concern.

As we progress into 2008, we will continue to work collaboratively, developing new and building on already successful partnerships, while the staff at ECIA remains committed to building strong and healthy communities and making our region a great place to live and work. ECIA is building on its partnership with the RTA by a constructing a joint ECIA office building and RTA storage and maintenance facility. This is an exciting adventure for both organizations and will continue through Fiscal 2008.

FINANCIAL CONTACT

These financial statements are designed to provide our member communities, funding agencies and creditors with a general overview of ECIA's finances and to show ECIA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to ECIA's Executive Director or Director of Finance and Human Resources, 3999 Pennsylvania Avenue, Suite 200, Dubuque, IA 52002.

BASIC FINANCIAL STATEMENTS

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities
ASSETS	
Current assets	
Cash and investments	\$ 242,331
Accounts receivable	412,831
Prepaid fees and expenses	62,468
Total current assets	<u>717,630</u>
Noncurrent assets	
Property and Equipment	
Leasehold improvements	10,299
Equipment and furniture	182,524
Less accumulated depreciation	<u>(134,286)</u>
Total noncurrent assets	<u>58,537</u>
Total assets	<u><u>\$ 776,167</u></u>
LIABILITIES	
Current liabilities	
Excess of outstanding checks over bank balance	\$ 261
Current portion of long-term obligations	14,717
Accounts payable	123,615
Deferred revenue	
Grants	29,082
Prepaid memberships	1,605
Accrued liabilities	
Vacation and holiday pay	152,759
Salaries and wages	35,945
Other	53,161
Total current liabilities	<u>411,145</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations	<u>12,035</u>
Total liabilities	<u>423,180</u>
NET ASSETS	
Investment in capital assets net of related debt	31,785
Unrestricted	<u>321,202</u>
Total net assets	<u>352,987</u>
Total liabilities and net assets	<u><u>\$ 776,167</u></u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF ACTIVITIES
For the year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental activities					
Salaries, wages and fringe benefits	\$ 2,897,632	\$ 2,046,623	\$ 869,138	\$ -	\$ 18,129
Office supplies	40,047	28,286	12,012	-	251
Operating materials	1,595	1,127	478	-	10
Conferences and training	28,170	19,897	8,450	-	177
Business travel	93,732	66,204	28,115	-	587
Printing	7,716	5,450	2,314	-	48
Equipment rental and maintenance	10,444	7,377	3,133	-	66
Insurance and bonding	66,557	47,010	19,964	-	417
Dues and subscriptions	15,933	11,254	4,779	-	100
Telephone	25,050	17,693	7,514	-	157
Postage	36,396	25,707	10,917	-	228
Rent	110,146	77,797	33,038	-	689
Property taxes	23,861	16,853	7,157	-	149
Utilities	20,624	14,567	6,186	-	129
Advertising	3,091	2,183	927	-	19
Professional fees	63,771	45,042	19,128	-	399
Marketing	63,434	44,804	19,027	-	397
Depreciation	32,030	22,623	9,607	-	200
Miscellaneous	1,690	1,194	507	-	11
WIA program costs	801,203	-	801,203	-	-
Total governmental activities	\$ <u>4,343,122</u>	\$ <u>2,501,691</u>	\$ <u>1,863,594</u>	\$ <u>-</u>	22,163
General revenues					
Interest					1,775
Miscellaneous					39
Gain on sale of equipment					3,212
Total general revenues					<u>5,026</u>
Change in net assets					27,189
Net assets at beginning of year					<u>325,798</u>
Net assets at end of year					\$ <u>352,987</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	<u>ECIA</u>	<u>WIA</u>	
	General Fund	Special Revenue Fund	<u>Total</u>
ASSETS			
Cash and investments	\$ 203,324	\$ 39,007	\$ 242,331
Accounts receivable	412,831	-	412,831
Prepaid fees and expenses	<u>62,207</u>	<u>261</u>	<u>62,468</u>
Total assets	\$ <u>678,362</u>	\$ <u>39,268</u>	\$ <u>717,630</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Excess of outstanding checks over bank balance	\$ -	\$ 261	\$ 261
Accounts payable	84,608	39,007	123,615
Accrued liabilities			
Vacation and holiday pay	152,759	-	152,759
Salaries and wages	35,945	-	35,945
Other	53,161	-	53,161
Deferred revenue			
Deferred grant revenue	29,082	-	29,082
Prepaid memberships	<u>1,605</u>	<u>-</u>	<u>1,605</u>
Total liabilities	357,160	39,268	396,428
Fund balance - unreserved	<u>321,202</u>	<u>-</u>	<u>321,202</u>
	\$ <u>678,362</u>	\$ <u>39,268</u>	\$ <u>717,630</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**
June 30, 2007

Fund balance - governmental funds	\$	321,202
-----------------------------------	----	---------

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balances because:

Capital assets used in government activities are not financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are as follows:

Governmental capital assets	\$	192,823	
Governmental accumulated depreciation		<u>(134,286)</u>	58,537

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are as follows:

General obligation debt	<u>(26,752)</u>
-------------------------	-----------------

Total net assets - governmental activities	\$	<u>352,987</u>
---	-----------	-----------------------

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**
For the year ended June 30, 2007

	ECIA	WIA	
	General Fund	Special Revenue Fund	Total
Revenues			
Federal	\$ 536,528	\$ -	\$ 536,528
State of Illinois	1,289	-	1,289
State of Iowa	101,509	-	101,509
State of Wisconsin	787	-	787
Membership fees	82,394	-	82,394
Fees and assessments	360,949	-	360,949
Economic Development Set-Aside and CDBG grant administration	318,024	-	318,024
Agency service billings			
ECIA Business Growth	182,588	-	182,588
Eastern Iowa Regional Housing Authority (EIHRA) / Eastern Iowa Regional Housing Corporation (EIRHC)	1,159,892	-	1,159,892
Workforce Investment Act (WIA) grants	422,278	801,203	1,223,481
Regional Transit Authority	397,844	-	397,844
Interest	1,775	-	1,775
Miscellaneous	39	-	39
Total revenues	3,565,896	801,203	4,367,099
Expenditures			
Salaries, wages and fringe benefits	2,897,632	-	2,897,632
Office supplies	40,047	-	40,047
Operating materials	1,595	-	1,595
Conferences and training	28,170	-	28,170
Business travel	93,732	-	93,732
Printing	7,716	-	7,716
Equipment rental and maintenance	10,444	-	10,444
Insurance and bonding	66,557	-	66,557
Dues and subscriptions	15,933	-	15,933
Telephone	25,050	-	25,050
Postage	36,396	-	36,396
Rent	110,146	-	110,146
Property taxes	23,861	-	23,861
Utilities	20,624	-	20,624
Advertising	3,091	-	3,091
Professional fees	63,771	-	63,771
Marketing	63,434	-	63,434
Equipment purchases	30,194	-	30,194
Long-term debt principal	11,455	-	11,455
Miscellaneous	1,690	-	1,690
Program costs	-	801,203	801,203
Total expenditures	3,551,538	801,203	4,352,741
Excess of revenues over expenditures	\$ 14,358	\$ -	\$ 14,358

Continued on next page.

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - CONTINUED**
For the year ended June 30, 2007

	<u>ECIA</u>	<u>WIA</u>	<u>Total</u>
	General Fund	Special Revenue Fund	Total
Other financing sources			
Proceeds from sale of fixed assets	\$ 3,212	\$ -	\$ 3,212
Proceeds from long-term borrowing	16,754	-	16,754
Total other financing sources	<u>19,966</u>	<u>-</u>	<u>19,966</u>
 Excess of revenues and other financing source over expenditures	 34,324	 -	 34,324
 Fund balance at beginning of year	 <u>286,878</u>	 <u>-</u>	 <u>286,878</u>
 Fund balance at end of year	 <u>\$ 321,202</u>	 <u>\$ -</u>	 <u>\$ 321,202</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Net change in fund balances - total governmental funds \$ 34,324

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Assets disposed of for less than book value (cost - accumulated depreciation) are recorded as losses on disposition of fixed assets.

Capital outlay reported in governmental fund statements	\$ 30,194
Depreciation expense reported in the statement of activities	(32,030)
Gain on sale of fixed assets	3,212
Proceeds from sale of fixed assets	<u>(3,212)</u>

Amount by which capital outlays and gain on sale of fixed assets are less than depreciation and proceeds from sale of fixed assets in the current period are: (1,836)

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is: (16,754)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is: 11,455

Change in net assets - governmental activities \$ 27,189

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

East Central Intergovernmental Association is organized pursuant to the provisions of Chapters 473A and 28E of the Code of Iowa as a regional planning organization designed to assist local governments in cooperating with one another. The East Central Intergovernmental Association consists of a council of thirty locally elected and appointed officials from the counties of Cedar, Clinton, Delaware, Dubuque, and Jackson. This council, along with ECIA staff, seeks to coordinate relationships among local municipalities, improve communications with federal and state governments and to provide planning and programming assistance.

For financial reporting purposes, the Association has included all of its funds, organizations, account groups, agencies, and boards. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Association. The financial statements presented herein do not include E.C.I.A. Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

The financial statements of the Association consist of the following operations: East Central Intergovernmental Association (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered the East Central Intergovernmental Association).

2. Basis of Presentation

Association-wide Statements - The statement of net assets and the statement of activities present financial information about the Association's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Association has no business-type activities or fiduciary funds. However, such activities or funds would be included in these financial statements if they existed.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation - Continued

Association-wide Statements - Continued - The statement of activities presents a comparison between direct/indirect expenses and revenues for each program of the Association's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular program/grant. Indirect expenses are common entity-wide expenses allocated to programs based on direct labor costs. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the Association's funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary, as applicable -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, as applicable with each displayed in a separate column. All remaining governmental and enterprise funds, as applicable are aggregated and reported as non-major funds. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Association reports the following major governmental funds:

General fund - This is the Association's primary operating fund. All financial activity not required to be accounted for in another fund is accounted for in the general fund.

Special revenue fund - This fund accounts for activities associated with providing job training and retraining programs. Revenue sources consist entirely of grants received from the federal government.

3. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting - Continued

Proceeds of general long-term debt and fixed asset acquisitions made under capital leases are reported as other financing sources. Under the terms of grant agreements, the Association may fund certain programs by a combination of specific cost-reimbursement grants, service fees, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Association's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

4. Budgets

The Association, although not legally required to do so, annually adopts a budget on a basis consistent with accounting principles generally accepted in the United States of America. A budget is adopted for the general fund and special revenue fund annually and is amended upon board approval. Appropriations lapse at fiscal year end. The adopted budget and budgetary expenditure control is exercised at the expenditure type level (salaries, rent, etc.).

5. Cash and Investments

The Association's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. The Association's investment policy permits investment of available cash balances in time deposits at any bank or credit union in the State of Iowa, U.S. Treasury obligations, U.S. agency issues and certain repurchase agreements. All investments are stated at fair market value.

6. Receivables

Any amounts reported on the statement of net assets for due to and due from other funds represent amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

East Central Intergovernmental Association
Dubuque, Iowa

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Capital Assets

Capital assets are reported at actual cost if available. Estimated cost is used when actual cost is not determinable. Donated assets are reported at estimated fair market value on the date received. Repairs and maintenance are recorded as expenditures; replacements and betterments that extend an asset's life by greater than one year are capitalized.

8. Depreciation

The Association provides for depreciation of equipment and leasehold improvements using annual rates that are sufficient to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method of depreciation. For the year ended June 30, 2007, depreciation expense was \$32,030.

Estimated useful lives are as follows:

Computer equipment	1-3 years
Furniture and equipment	3-10 years
Vehicles	3 years

9. Retirement Plans

Association employees participate in the Iowa Public Employees Retirement System (IPERS). All contributions made by the Association on behalf of its employees are reported as expenditures when earned.

10. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures, as appropriate. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund that is reimbursed.

11. Memorandum Only - Total Columns

Total columns on the governmental fund financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

12. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences between recording expenditures for the purchase of fixed assets in the governmental fund statements and capitalizing fixed assets in the Statement of Net Assets and recording depreciation expense on all fixed assets in the Statement of Activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease in liabilities, as applicable, in the Statement of Net Assets, and interest expense is recorded in the statement of activities as incurred.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2007

NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS - CONTINUED

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Total
Revenues and other source					
Federal	\$ 536,528	\$ -	\$ -	\$ -	\$ 536,528
State of Illinois	1,289	-	-	-	1,289
State of Iowa	101,509	-	-	-	101,509
State of Wisconsin	787	-	-	-	787
Membership fees	82,394	-	-	-	82,394
Fees and assessments	360,949	-	-	-	360,949
Economic Development Set-Aside and CDBG grant administration	318,024	-	-	-	318,024
Agency service billings					
ECIA Business Growth	182,588	-	-	-	182,588
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,159,892	-	-	-	1,159,892
Workforce Investment Act	1,223,481	-	-	-	1,223,481
Regional Transit Authority	397,844	-	-	-	397,844
Interest	1,775	-	-	-	1,775
Miscellaneous	39	-	-	-	39
Proceeds from the sale of fixed assets	3,212	-	(3,212)	-	-
Gain on sale of equipment	-	-	3,212	-	3,212
Proceeds from long-term borrowing	16,754	-	-	(16,754)	-
Total revenues	4,387,065	-	-	(16,754)	4,370,311
Expenditures					
Salaries, wages and fringe benefits	2,897,632	-	-	-	2,897,632
Office supplies	40,047	-	-	-	40,047
Operating materials	1,595	-	-	-	1,595
Conferences and training	28,170	-	-	-	28,170
Business travel	93,732	-	-	-	93,732
Printing	7,716	-	-	-	7,716
Equipment rental and maintenance	10,444	-	-	-	10,444
Insurance and bonding	66,557	-	-	-	66,557
Dues and subscriptions	15,933	-	-	-	15,933
Telephone	25,050	-	-	-	25,050
Postage	36,396	-	-	-	36,396
Rent	110,146	-	-	-	110,146
Property taxes	23,861	-	-	-	23,861
Utilities	20,624	-	-	-	20,624
Advertising	3,091	-	-	-	3,091
Professional fees	63,771	-	-	-	63,771
Marketing	63,434	-	-	-	63,434
Depreciation	-	-	32,030	-	32,030
Equipment purchases	30,194	-	(30,194)	-	-
Long-term debt principal	11,455	-	-	(11,455)	-
Miscellaneous	1,690	-	-	-	1,690
WIA program costs	801,203	-	-	-	801,203
Total expenditures	4,352,741	-	1,836	(11,455)	4,343,122
Net change for the year	\$ 34,324	\$ -	\$ (1,836)	\$ (5,299)	\$ 27,189

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE C - CASH DEPOSITS

Cash and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Statement of net assets	
Cash and investments	\$ 242,331
Excess of outstanding	
cash over bank balance	(261)
Net cash and investments	<u>\$ 242,070</u>

Cash and investments as of June 30, 2007 consist of the following:

	Carrying Amount	Bank Balance
Petty cash	\$ 75	N/A
Investment checking/savings and money market accounts	<u>241,995</u>	<u>\$ 270,364</u>
	<u>\$ 242,070</u>	<u>\$ 270,364</u>

Investments Authorized by the Association's Investment Policy

The Association is required to invest its funds in accordance with Iowa Statutes. The Association may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to various funds based on their respective participation in accordance with generally accepted accounting principles. Safety of principal is the foremost objective of the Association's investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Association limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Association also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Association minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Association will do business.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE C - CASH DEPOSITS - CONTINUED

Concentration of Credit Risk

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Association diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the government's deposits might not be recovered. The Association's deposits at June 30, 2007 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Association or the Association's agent in the Association's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Association does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

NOTE D - ACCOUNTS RECEIVABLE

At June 30, 2007, the Association had the following accounts receivable outstanding for grants and fees:

Iowa DOT - FHWA planning	\$ 20,060
Iowa DOT - MPO	32,618
EDA Grant	2,109
WIA programs and administration	34,094
Eastern Iowa Regional Housing Authority	107,583
Eastern Iowa Regional Housing Corporation	17,704
Eastern Iowa Regional Partnership, LLP	829
E.I.R.U.S.S	19,970
Regency NEG	6,464
Local contract charges	103,964
E.C.I.A. Business Growth, Inc.	33,487
Regional Transit Authority	33,933
Miscellaneous	<u>16</u>
Total	<u>\$ 412,831</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE E - PENSION AND RETIREMENT BENEFITS

The Association contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Association is required to contribute 5.75% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Association's contribution to IPERS for the year ended June 30, 2007 of \$124,125 is equal to the required contribution for the year. The Association's contributions for the years ended June 30, 2006 and 2005 were \$104,369 and \$93,870, respectively, equal to the required contributions for those years.

NOTE F - COMPENSATED ABSENCES

Association employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours accumulate for subsequent use and are not recognized as expenditures by the Association until used. The Association's approximate liability for unrecognized accrued employee benefits at June 30, 2007 is as follows:

Sick Leave	\$ <u>357,984</u>
------------	-------------------

Sick leave is accumulated at a rate of one day per month to a maximum accumulation of 100 days. Use of sick leave is available only to employees of record. There is no payoff of unused accumulated sick leave upon termination.

NOTE G - OPERATING LEASE COMMITMENTS

The Association leases shared office space in Manchester, Iowa under a month to month lease. The Association is required to make monthly payments of \$475.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE G - OPERATING LEASE COMMITMENTS - CONTINUED

The Association also subleases additional office space in Dubuque from the Iowa Workforce Development Department under a sublease dated January 29, 1998. Under the terms of the sublease, the Association is required to make monthly payments of \$1,604 from January 1, 1998 through December 31, 2007, as required by an August 18, 1998 amendment to the original sublease agreement. The Association used a grant from the Iowa Department of Employment Services, in part, to buy down this ten-year lease to the monthly payments listed above. The cost of the buy down, which was paid prior to July 1, 1998 and was shown as part of rent expense for the fiscal year ended June 30, 1998, was \$50,000.

The Association leases office space in Dubuque for its primary operations. The lease began October 1, 2002 and runs until September 30, 2007. The lease requires monthly payments of \$5,209 monthly. This lease is month to month after September 30, 2007.

Finally, the Association leases office space in the lower level of the main operations building. The lease runs until September 30, 2007. The lease payments require payments of \$1,891 monthly. This lease is month to month after September 30, 2007.

Future minimum lease payments are as follows:

	Dubuque Office Space	Dubuque Sublease	Dubuque Office Lower Level
June 30, 2008	\$ <u>15,627</u>	\$ <u>9,624</u>	\$ <u>5,673</u>

NOTE H - FIXED ASSETS

A summary of changes in property and equipment comprising general fixed assets is as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Leasehold				
improvements	\$ 10,299	\$ -	\$ -	\$ 10,299
Equipment and				
furniture	181,992	30,194	29,662	182,524
Subtotal	192,291	30,194	29,662	192,823
Accumulated				
Depreciation	131,918	32,030	29,662	134,286
Total	\$ <u>60,373</u>	\$ <u>(1,836)</u>	\$ -	\$ <u>58,537</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE I - GENERAL LONG-TERM DEBT

Long-term debt transactions for the year ended June 30, 2007 are as follows:

	<u>Balance at July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Notes payable	\$ 21,453	\$ 16,754	\$ 11,455	\$ 26,752

Long-term debt at June 30, 2007 is comprised of the following:

<u>Description</u>	<u>Balance at June 30, 2007</u>
\$16,683 commercial loan from East Dubuque Savings Bank dated January 20, 2005 and due in monthly installments of \$494.80, including interest at 4.25% per annum until January 20, 2008.	\$ 3,405
\$17,449 commercial loan from East Dubuque Savings Bank dated July 1, 2005 and due in monthly installments of \$521.50, including interest at 4.74% per annum until July 1, 2008.	6,593
\$16,754 commercial loan from Dubuque Bank and Trust dated June 20, 2007 and due in monthly installments of \$512, including interest at 6.20% per annum until June 20, 2010.	<u>16,754</u>
Total	<u>\$ 26,752</u>

The annual requirements needed to amortize the long-term debt of the Association as of June 30, 2007, are as follows:

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 14,717	\$ 1,149	\$ 15,866
2009	6,098	567	6,665
2010	5,937	204	6,141
	<u>\$ 26,752</u>	<u>\$ 1,920</u>	<u>\$ 28,672</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2007

NOTE J - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL INFORMATION

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2007

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
Revenues				
Federal	\$ 523,824	\$ 524,324	\$ 536,528	\$ 12,204
State of Illinois	1,289	1,289	1,289	-
State of Iowa	9,375	15,875	101,509	85,634
State of Wisconsin	787	787	787	-
Membership fees	82,143	82,143	82,394	251
Fees and assessments	243,438	403,171	360,949	(42,222)
Economic Development Set-Aside and CDBG grant administration	347,175	381,900	318,024	(63,876)
Agency service billings				
ECIA Business Growth	141,000	158,400	182,588	24,188
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,125,000	1,106,150	1,159,892	53,742
Workforce Investment Act	407,845	414,521	422,278	7,757
Regional Transit Authority	364,000	395,000	397,844	2,844
Interest	2,500	1,960	1,775	(185)
Miscellaneous	-	-	39	39
Total revenues	3,248,376	3,485,520	3,565,896	80,376
Expenditures				
Salaries, wages and fringe benefits	2,742,616	2,860,913	2,897,632	(36,719)
Office supplies	33,500	39,500	40,047	(547)
Operating materials	500	500	1,595	(1,095)
Conferences and training	13,000	22,500	28,170	(5,670)
Business travel	78,000	81,000	93,732	(12,732)
Printing	8,000	6,500	7,716	(1,216)
Equipment rental and maintenance	9,000	11,160	10,444	716
Insurance and bonding	50,000	64,000	66,557	(2,557)
Dues and subscriptions	15,000	15,600	15,933	(333)
Telephone	22,000	25,000	25,050	(50)
Postage	37,000	34,000	36,396	(2,396)
Rent	105,100	110,200	110,146	54
Property taxes	21,400	23,900	23,861	39
Utilities	16,500	24,500	20,624	3,876
Advertising	2,000	2,800	3,091	(291)
Professional fees	40,000	62,200	63,771	(1,571)
Marketing	-	43,782	63,434	(19,652)
Equipment purchases	38,000	28,745	30,194	(1,449)
Depreciation	-	-	-	-
Long-term debt principal	11,500	11,400	11,455	(55)
Miscellaneous	5,000	1,500	1,690	(190)
Total expenditures	3,248,116	3,469,700	3,551,538	(81,838)
Excess of revenues over expenditures	260	15,820	14,358	(1,462)

Continued on next page.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
Other income				
Proceeds from the sale of fixed assets	\$ -	\$ -	\$ 3,212	\$ 3,212
Proceeds of long-term borrowing	16,000	16,500	16,754	254
	<u>16,000</u>	<u>16,500</u>	<u>19,966</u>	<u>3,466</u>
Excess of revenues and other income over expenditures	16,260	32,320	34,324	2,004
Fund balance at beginning of year	<u>286,878</u>	<u>286,878</u>	<u>286,878</u>	-
Fund balance at end of year	<u>\$ 303,138</u>	<u>\$ 319,198</u>	<u>\$ 321,202</u>	<u>\$ 2,004</u>

East Central Intergovernmental Association

Dubuque, Iowa

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM - GENERAL FUND
For the Year Ended June 30, 2007

		30	40	45	50	55	65
	Totals	FHWA and Section 8 Transportation	General Technical Assistance	ECIA Business Growth	Economic Development Grant	EIHRA	Tax Credit Housing Programs
REVENUES							
Federal	\$ 536,528	\$ 169,741	\$ -	\$ -	\$ 52,621	\$ -	\$ -
State of Illinois	1,289	1,289	-	-	-	-	-
State of Iowa	101,509	-	-	-	101,509	-	-
State of Wisconsin	787	787	-	-	-	-	-
Membership fees	82,394	25,915	7,001	-	30,936	-	-
Fees and assessments	360,949	32,744	142,281	-	45,980	-	71,471
Economic Development Set-Aside and CDBG grant administration	318,024	-	-	-	-	-	-
Agency service billings							
ECIA Business Growth	182,588	-	-	182,588	-	-	-
EIHRA/EIRHC	1,159,892	-	-	-	-	1,135,864	6,324
WIA and related programs	422,278	-	-	-	-	-	-
Regional Transit Authority	397,844	-	-	-	-	-	-
Interest	1,775	-	-	-	-	-	-
Miscellaneous	39	-	-	-	-	-	-
Sale of equipment	3,212	-	-	-	-	-	-
Proceeds from long-term borrowing	16,754	-	-	-	-	-	-
Total revenues	3,585,862	230,476	149,282	182,588	231,046	1,135,864	77,795
EXPENDITURES							
Salaries, wages and fringe benefits	2,897,632	187,532	123,746	149,604	132,032	984,612	74,748
Office supplies	40,047	3,144	2,264	1,357	1,452	11,427	218
Operating materials	1,595	300	-	-	-	-	-
Conferences and training	28,170	574	348	5,164	11,622	730	10
Business travel	93,732	7,682	6,606	5,669	4,844	8,348	236
Printing	7,716	546	250	966	197	1,598	25
Equipment rental and maintenance	10,444	4,132	216	199	219	1,679	37
Insurance and bonding	66,557	1,426	1,847	1,157	865	27,845	91
Dues and subscriptions	15,933	648	836	2,392	1,252	3,264	60
Telephone	25,050	1,425	900	1,423	1,905	7,418	261
Postage	36,396	1,765	418	662	580	21,114	503
Rent	110,146	8,673	5,620	5,797	5,570	26,874	513
Property taxes	23,861	2,352	1,455	1,596	1,714	7,640	118
Utilities	20,624	2,108	1,361	1,412	1,354	6,499	128
Advertising	3,091	225	19	322	20	518	4
Professional fees	63,771	3,843	2,376	3,066	2,272	20,817	743
Marketing	63,434	-	-	-	63,434	-	-
Depreciation	32,030	4,101	1,020	1,802	1,714	5,481	100
Equipment purchases	30,194	-	-	-	-	-	-
Long-term debt principal	11,455	-	-	-	-	-	-
Miscellaneous	1,690	-	-	-	-	-	-
Total expenditures	3,583,568	230,476	149,282	182,588	231,046	1,135,864	77,795
Excess of revenues over (under) expenditures	\$ 2,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Continued on next page.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BY PROGRAM - GENERAL FUND - CONTINUED
For the Year Ended June 30, 2007

	75	80	85	90	100	110	200	300	400	410
	Promise Jobs	Regional Transit RPA/STP	CDBG Admini- stration	General	WIA	WIA Regency NEG	Economic Development Set-Aside	Eastern Iowa Utility Service Systems	Regional Transit Authority	Transit Authority City Contracts
REVENUES										
Federal	\$ 226,955	\$ 87,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Illinois	-	-	-	-	-	-	-	-	-	-
State of Iowa	-	-	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-	-	-
Membership fees	-	10,538	-	8,004	-	-	-	-	-	-
Fees and assessments	-	13,475	-	-	-	-	-	54,998	-	-
Economic Development Set-Aside and CDBG grant administration	-	-	311,999	-	-	-	6,025	-	-	-
Agency service billings	-	-	-	-	-	-	-	-	-	-
ECIA Business Growth	-	-	-	-	-	-	-	-	-	-
EIHRA/EIRHC	-	-	-	17,704	-	-	-	-	-	-
Workforce Investment Act	-	-	-	-	393,484	28,794	-	-	-	-
Regional Transit Authority	-	-	-	-	-	-	-	-	377,022	20,822
Interest	-	-	-	1,775	-	-	-	-	-	-
Miscellaneous	-	-	-	39	-	-	-	-	-	-
Sale of equipment	-	-	-	3,212	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	16,754	-	-	-	-	-	-
Total revenues	226,955	111,224	311,999	47,488	393,484	28,794	6,025	54,998	377,022	20,822
EXPENDITURES										
Salaries, wages and fringe benefits	189,757	86,326	243,888	-	322,721	23,973	5,289	46,190	308,766	18,448
Office supplies	3,729	2,466	3,306	-	5,736	248	41	376	4,128	155
Operating materials	477	300	-	-	518	-	-	-	-	-
Conferences and training	1,961	546	1,434	1,855	2,880	515	5	251	261	14
Business travel	10,379	4,589	16,876	-	19,052	1,776	106	1,301	6,102	166
Printing	340	407	401	-	2,095	36	12	330	467	46
Equipment rental and maintenance	476	659	364	-	1,148	90	22	104	1,048	51
Insurance and bonding	1,421	1,046	5,950	-	4,549	489	33	297	19,428	113
Dues and subscriptions	692	282	945	-	4,289	13	18	154	1,064	24
Telephone	997	1,932	4,271	-	1,263	40	4	748	2,448	15
Postage	1,666	512	2,903	-	3,749	118	3	222	2,134	47
Rent	9,820	4,008	11,130	-	15,166	965	240	2,084	12,884	802
Property taxes	103	1,104	3,049	-	127	30	82	625	3,569	297
Utilities	96	956	2,688	-	129	18	57	504	3,108	206
Advertising	33	491	59	-	348	4	1	67	977	3
Professional fees	3,141	1,822	8,474	-	6,986	352	84	1,234	8,223	338
Marketing	-	-	-	-	-	-	-	-	-	-
Depreciation	1,867	3,778	6,261	-	2,728	127	28	511	2,415	97
Equipment purchases	-	-	-	30,194	-	-	-	-	-	-
Long-term debt principal	-	-	-	11,455	-	-	-	-	-	-
Miscellaneous	-	-	-	1,690	-	-	-	-	-	-
Total expenditures	226,955	111,224	311,999	45,194	393,484	28,794	6,025	54,998	377,022	20,822
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 2,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Continued from previous page.

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES
AND COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND
For the Year Ended June 30, 2007

	30	80	50				
	FHWA and FTA Section 8 Transportation 05MPO-ECIA	Regional Transit RPA 05RPA-08	United States Department of Commerce Economic Development Planning Grant				
			05-83-04236		05-83-04375		
			Prior Audit 1/1-6/30/06	Current Year 7/1-12/31/06	Total 1/1-12/31/06	Current Year 1/1-6/30/07	Total Fiscal Year
REVENUES							
Federal - EDA	\$ -	\$ -	\$ 27,488	\$ 24,512	\$ 52,000	\$ 28,109	\$ 52,621
Federal - Planning	169,741	87,211	-	-	-	-	-
State of Illinois - Planning	1,289	-	-	-	-	-	-
State of Iowa - Planning	-	-	5,234	9,375	14,609	-	9,375
State of Iowa - Other	-	-	59,325	-	59,325	92,134	92,134
State of Wisconsin	787	-	-	-	-	-	-
Membership fees	25,915	10,538	7,651	1,080	8,731	29,856	30,936
Fees and assessments	32,744	13,475	22,975	43,481	66,456	2,499	45,980
Miscellaneous	-	-	-	-	-	-	-
Total revenues	230,476	111,224	122,673	78,448	201,121	152,598	231,046
EXPENDITURES							
Salaries, wages and fringe benefits	187,532	86,326	70,195	56,794	126,989	75,238	132,032
Office supplies	3,144	2,466	707	594	1,301	858	1,452
Operating materials	300	300	-	-	-	-	-
Conferences and training	574	546	4,634	7,948	12,582	3,674	11,622
Business travel	7,682	4,589	6,268	808	7,076	4,036	4,844
Printing	546	407	191	32	223	165	197
Equipment rental and maintenance	4,132	659	85	26	111	193	219
Insurance and bonding	1,426	1,046	623	330	953	535	865
Dues and subscriptions	648	282	100	540	640	712	1,252
Telephone	1,425	1,932	714	901	1,615	1,004	1,905
Postage	1,765	512	488	225	713	355	580
Rent	8,673	4,008	4,512	2,486	6,998	3,084	5,570
Property taxes	2,352	1,104	-	486	486	1,228	1,714
Utilities	2,108	956	-	562	562	792	1,354
Advertising	225	491	-	10	10	10	20
Professional fees	3,843	1,822	1,072	861	1,933	1,411	2,272
Marketing	-	-	32,132	5,029	37,161	58,405	63,434
Depreciation	4,101	3,778	952	816	1,768	898	1,714
Equipment purchases	-	-	-	-	-	-	-
Total expenditures	230,476	111,224	122,673	78,448	201,121	152,598	231,046
Less expenses related to Marketing Grant	-	-	62,825	38,750	101,575	85,918	
Expense basis for computation of federal and/or state participation in project cost	230,476	111,224	59,848	39,698	99,546	66,680	
Federal or state participation percentage	80%	80%	75%	75%	75%	75%	
Computed project grant earned	\$ 184,380	\$ 88,979	\$ 44,885	\$ 29,774	\$ 74,660	\$ 50,009	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:	\$ 169,741	\$ 87,211	\$ 27,488	\$ 24,512	\$ 52,000	\$ 28,109	
Therefore, the grants earned equal:	\$ 169,741	\$ 87,211	\$ 27,488	\$ 24,512	\$ 52,000	\$ 28,109	

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WORKFORCE INVESTMENT ACT (WIA)
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Revenues				
Workforce Investment Act (WIA) grants	\$ 700,000	\$ 601,000	\$ 801,203	\$ 200,203
Total revenues	700,000	601,000	801,203	200,203
Expenditures				
Program costs	700,000	601,000	801,203	(200,203)
Total expenditures	700,000	601,000	801,203	(200,203)
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

East Central Intergovernmental Association
Dubuque, Iowa
COMBINING BALANCE SHEET - BY CONTRACT -
WORKFORCE INVESTMENT ACT (WIA)
June 30, 2007

Pass-through Entity: Upper Explorerland Regional Planning Commission

Contract Number: East Cental Intergovernmental Association and
Upper Explorerland Regional Planning Commission Joint Agreement

Contract Period: July 1, 2006 through June 30, 2007

Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Incentive Formula	Regency Early Intervention	Thermo Fischer Early Intervention	Regency National Emergency	Totals
Assets										
Cash	\$ -	\$ 7,207	\$ 7,758	\$ 6,131	\$ 14,039	\$ -	\$ -	\$ 1,977	\$ 1,895	\$ 39,007
Prepaid expenses	261	-	-	-	-	-	-	-	-	261
	<u>\$ 261</u>	<u>\$ 7,207</u>	<u>\$ 7,758</u>	<u>\$ 6,131</u>	<u>\$ 14,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,977</u>	<u>\$ 1,895</u>	<u>\$ 39,268</u>
Liabilities and Fund Balance										
Accounts payable	\$ -	\$ 7,207	\$ 7,758	\$ 6,131	\$ 14,039	\$ -	\$ -	\$ 1,977	\$ 1,895	\$ 39,007
Excess of outstanding checks over bank balance	261	-	-	-	-	-	-	-	-	261
Total liabilities	261	7,207	7,758	6,131	14,039	-	-	1,977	1,895	39,268
Fund balance	-	-	-	-	-	-	-	-	-	-
	<u>\$ 261</u>	<u>\$ 7,207</u>	<u>\$ 7,758</u>	<u>\$ 6,131</u>	<u>\$ 14,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,977</u>	<u>\$ 1,895</u>	<u>\$ 39,268</u>

East Central Intergovernmental Association
Dubuque, Iowa
COMBINING STATEMENT OF REVENUES AND EXPENDITURES -
WORKFORCE INVESTMENT ACT (WIA)
For the year ended June 30, 2007

Pass-through Entity: Upper Explorerland Regional Planning Commission

Contract Number: East Central Intergovernmental Association and
Upper Explorerland Regional Planning Commission Joint Agreement

Contract Period: July 1, 2006 through June 30, 2007

Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth out of School Formula	Dislocated Worker Formula	Incentive Formula	Regency Early Intervention	Thermo Fischer Early Intervention	Regency National Emergency	Totals
Revenues										
Grants	\$ 57,285	\$ 109,681	\$ 84,839	\$ 105,477	\$ 266,029	\$ 55,400	\$ 13,700	\$ 1,723	\$ 107,069	\$ 801,203
Expenditures										
Administration	57,285	-	-	-	-	-	-	-	9,604	66,889
Training related and support services	-	8,983	4,687	10,950	51,894	11,080	-	-	7,968	95,562
Direct training services	-	100,698	80,152	94,527	214,135	44,320	13,700	1,723	89,497	638,752
Total expenditures	57,285	109,681	84,839	105,477	266,029	55,400	13,700	1,723	107,069	801,203
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

East Central Intergovernmental Association
Dubuque, Iowa

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended June 30, 2007

Grantor/Program	Federal CDFA Number	Agency or Pass-Through Grantor's Number	Accrual Basis Program Disbursements
Direct			
United States Department of Commerce			
EDA Planning Grant	11.302	05-83-04236	\$ 24,512
		05-83-04375	28,109
Total United States Department of Commerce			52,621
Indirect:			
United States Department of Health and Human Services			
Passed through Upper Explorerland Regional Planning Commission			
Promise Jobs	93.558	UERPC/ECIA Contract	226,955
Total United States Department of Health and Human Services			226,955
United States Department of Labor			
Passed through Upper Explorerland Regional Planning Commission			
Workforce Investment Act Cluster (Major Programs)			
Administration	17.258	UERPC/ECIA Contract	57,285
Adult Formula	17.258	UERPC/ECIA Contract	109,681
Youth In School Formula	17.259	UERPC/ECIA Contract	84,839
Youth Out of School Formula	17.259	UERPC/ECIA Contract	105,477
Dislocated Worker Formula	17.260	UERPC/ECIA Contract	266,029
Regency Thermographers			
Early Intervention	17.260	UERPC/ECIA Contract	13,700
Thermo Fischer			
Early Intervention	17.260	UERPC/ECIA Contract	1,723
Regency Thermographers			
National Emergency Grant	17.260	UERPC/ECIA Contract	107,069
			745,803
Workforce Investment Act Incentive	17.267	UERPC/ECIA Contract	55,400
Total United States Department of Labor			801,203

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
For the year ended June 30, 2007

Grantor/Program	Federal CDFA Number	Agency or Pass-Through Grantor's Number	Accrual Basis Program Disbursements
United States Department of Transportation			
Passed through Iowa Department of Transportation			
FHWA Planning - RPA	20.515	05-RPA-08	\$ 87,211
FHWA - Planning	20.205	07-MPO-ECIA	155,534
Passed through Illinois Depart- ment of Transportation			
FHWA Planning	20.515	IDOT Contract	7,907
Passed through Wisconsin Depart- ment of Transportation			
FHWA Planning	20.515	WisDOT Contract	6,300
Total United States Department of Transportation			256,952
Total Indirect			1,285,110
Total Federal Financial Assistance			\$ 1,337,731

Note:

1) This statement is prepared on the accrual basis of accounting.

TOSTRUD & TEMP, S.C.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

We have audited the financial statements of the East Central Intergovernmental Association ("the Association") as of and for the year ended June 30, 2007, and have issued our report thereon dated September 14, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Internal Control Over Financial Reporting

The management of the Association is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statements and compliance, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on its compliance with certain provisions of laws, regulations, contracts and grants, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting and internal control over compliance.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and could not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect on a timely basis misstatements or noncompliance with applicable requirements with certain provisions of laws, regulations, contracts and grants. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We did not consider any of the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board, management and federal and state awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Testred + Temp, S. C.

November 7, 2007

TOSTRUD & TEMP, S.C.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

Compliance

We have audited the compliance of the East Central Intergovernmental Association ("the Association") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The Association's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the East Central Intergovernmental Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing council, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Foster & Temp, S. C.

November 7, 2007

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Reportable condition(s) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to the financial statements? ☐ yes ☒ no

Federal Awards

Internal control over financial reporting:

Material weakness identified? ☐ yes ☒ no

Reportable condition(s) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? ☐ yes ☒ no

Identification of major federal program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.260	WIA Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None